

**COVER SHEET TO HORMEL FOODS CORPORATION  
LONG-TERM HOG PROCUREMENT AGREEMENT IV**

Hormel Foods Corporation  
1 Hormel Place  
Austin MN 55912-3680

**Producer:** \_\_\_\_\_

**Address:**  
\_\_\_\_\_  
\_\_\_\_\_

**Phone No.:** \_\_\_\_\_

**THIS DOCUMENT IS A LEGAL CONTRACT BETWEEN  
HORMEL FOODS CORPORATION AND YOU.**

**READ YOUR CONTRACT CAREFULLY.** This cover sheet provides only a brief summary of your contract. This is not the contract and only the terms of the actual contract are legally binding. The contract itself sets forth, in detail, the rights and obligations of both you and us. **IT IS THEREFORE IMPORTANT THAT YOU READ YOUR CONTRACT CAREFULLY.**

**MATERIAL RISK DISCLOSURE STATEMENT**

Please carefully consider the following risk factors in addition to your personal animal husbandry skills, management skills, experience and knowledge before signing this contract.

**SWINE PRODUCTION RISKS**

- Raising swine for profit depends on many factors. Performance under the terms of this contract does not ensure that you will make a profit. Your profitability is affected by numerous factors. Such factors include, but are not limited to, your own animal husbandry and management skills, herd health, adverse weather conditions, and catastrophic loss of facilities or hogs on account of factors beyond your control.
- You bear all risks of production of market hogs until delivery to our plant and acceptance of hogs by us. Such risks include, but are not limited to, poor farrowing rates, diseased or injured hogs, death loss, poor feed conversion, and sort loss.
- You are required to comply with any change in the Pork Quality Assurance Program of America's Pork Producers and any HACCP program established by us. The requirements of such programs may be more stringent than the current Level III requirements of the Pork Quality Assurance Program.

**FINANCIAL RISKS**

- This contract is not a "cost plus" contract. This means that you are not assured of covering all of your costs of operation, or of earning a profit, by performing in accordance with the contract terms.
- This long-term contract requires you and us to agree to a specific supply arrangement for the entire term of the contract. This may turn out not to be the most beneficial way for you to market your hogs.
- Financing of construction or operation of your swine facilities may exceed costs anticipated by you.
- Failure to make payments to repay a third-party lender that has financed construction or operation of your swine facilities may cause your third-party lender to foreclose on the facility or take other collection actions. Any default by you under your financing agreement will also constitute a default under this contract.
- You are required to indemnify and hold us harmless from all liabilities, damages, claims, judgments, costs and expenses arising out of your failure to perform this contract.
- You and all other owners of the producer that is a party to this contract, as personal guarantors of its obligations under the contract, may become personally liable to us for the payment and performance of all obligations owed to us under the terms of this contract.